

SPEECH ON THE BUDGET,

BY THE

HON. L. RUGGLES CHURCH,

TREASURER OF THE PROVINCE OF QUEBEC,

DELIVERED IN THE

LEGISLATIVE ASSEMBLY, QUEBEC,

1st DECEMBER, 1876.

REPORTED FOR MONTREAL "GAZETTE"

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SPEECH ON THE BUDGET

BY THE

HON. L. RUGGLES CHURCH,

Treasurer of the Province of Quebec,

DELIVERED IN THE LEGISLATIVE ASSEMBLY, QUEBEC.

1ST DECEMBER, 1876.

(Reported for "Montreal Gazette.")

The Hon. Mr. Church on rising was received with applause. He said:—

Mr. Speaker, conformably to the provisions of the 54th section of the British North American Act (1867), I beg to present a message from His Excellency the Administrator, signed by himself and transmitting the supplementary estimates for the current year, and the ordinary estimates for the financial year ending the 30th of June, 1878. The Treasury Department Act, section 24, enjoins that "as soon as practicable, after the close of each fiscal year, there shall be prepared in the Treasury Department, for submission to the Legislature at its next session, a statement of the public accounts for such year, showing clearly and fully the several revenues and expenditures of the Province for the year, the state of the consolidated revenue fund, and of all trust and special funds under the management of the Provincial Government, and all matters requisite to explain the financial transactions and position of the Province during and at the close of such year. This has been done, and the public accounts are now in the hands of the members. Section 26 further prescribes that all estimates submitted to the Legislature shall be for the services, coming in course of payment during the fiscal year, or during such other term as such estimates may expressly purport to cover. This I have also done. And now, sir, the motion which I hold in my hand, and to which I respectfully ask the assent of this House, is "that you, Mr. Speaker, do now leave the chair, and that the House form itself into Committee of supply." The present year has not been uneventful, and the incoming one is of especial interest and importance; and in asking the indulgent attention of this House (which I believe is never refused to a person for the first time filling the place I occu-

py) I hope to lay before you in a clear and explicit manner the receipts of the Treasury for the fiscal year which terminated on the 30th of June last, and at the same time to recount the expenditure for the same period, and shew the relation which the one bears to the other. This will shew to what extent and by what means we have met the obligations of the past. In doing this I shall have to speak of disappointments which led in some instances to diminished revenue, and of unexpected receipts (so to speak) which added to it, and I shall finally have to strike the balance between the one and the other so that you may see at a glance whether our finances are on a healthy and sound basis or not. I shall then have to draw under your notice the supplementary estimates rendered necessary to complete unfinished works for which the appropriations have either lapsed or been found inadequate, and ask your assent to them; and finally I shall invite you to look with me into the future whilst I forecast the probable revenue and expenditure for the approaching fiscal year. To do this successfully presupposes a certain amount of knowledge on my part and a certain amount of attention and forbearance on yours.

INCOME OF THE PROVINCE.

Mr. Speaker, let me first speak of the revenue received during the past fiscal year. It was estimated that it would be \$2,185,495; it realized \$2,340,151. But in this are included the new taxes imposed last year after the estimate was made, and which were not, of course, included in the estimates. The items composing it are the Dominion subsidy of \$959,252.80, and the interest upon certain trust funds in the hands of that Government, which amount this year to \$55,459.32, making the total annual payment \$1,014,712.12. The value of this item of revenue is not measured alone by its amount. Whilst every

other source of revenue is more or less fluctuating, and consequently more or less uncertain, this is fixed, certain and unalterable. As a test of our borrowing power, if capitalized and supposing that our other sources of revenue were equal to our expenditure, it would represent the interest on a capital of \$20,000,000 at 5 per cent. Again, unlike other sources of revenue, there is no cost or expense in its collection; whilst 10 per cent is perhaps not an over-estimate for the cost of the collection of ordinary revenue, this does not cost one dollar in its collection. The next item in importance is the revenue from Crown Lands. This Department returns \$604,378.12 as its gross annual collections. It will be seen that there is included in this amount a considerable sum as representing unpaid bills in the hands of the department at the time the last financial statement was made, namely, up to 30th June, 1875. Then they amounted to \$232,681; for the year ending 30th June, 1876, they amounted to only \$85,681, and I may add they have been very much reduced since this date. Under this head there remains at present but \$42,734, and I venture to express the hope that the reasons which led to the indulgence which these notes represented are passing away,—that the crisis of the depression in the lumber trade has passed, and that as we have borne the gloom of stagnation of trade and depreciation in values, we may soon rejoice in the sunshine of reviving trade and prosperity, and with it I hope a corresponding augmentation of revenue. But, as will be noted hereafter, the officers of the Crown Land Department have, with characteristic caution, estimated their revenue for the next fiscal year at only \$577,313, or nearly \$30,000 less than last year; an amount which I venture to hope will be exceeded, but which I have not ventured to change lest disappointment may follow. It is better to rejoice over a revenue which exceeds rather than deplore one which falls short of our expectations. I may state for the information of the House that there are in this department some \$700,000 of accumulated debts, arising from the sale of Crown Lands and from other dues of the Crown domain, which have accumulated before and since Confederation. It is the intention of the Commissioner to energetically set about the collection of these arrears, and it is hoped that the same success which has attended his collecting efforts in regard to the bills due by lumbermen, may attend his efforts in this direction. The reduction in the amount of lumbermen's bills is the best answer to the slanders circulated in the *London Times* last August, that we held between two and three hundred thousand dollars in lumbermen's overdue bills, which would never be paid, a slander which even seemed to impose upon a member of this House, who gave a qualified en-

dorsation to it by reproducing the remarks in a letter over his signature, and that in the face of the declaration of my predecessor last year, that he did not think or expect to lose \$5,000 by them, and which any well informed public man should have known, who considered the security afforded by the law and the control over the issue of the Licenses, in regard to persons in arrears for dues, given to the Commissioner. The next item I come to is Law and Registration Stamps, which amounted to for Law Stamps, \$181,718,561, and for the other Registration Stamps \$12,404 01, and these, it will be seen, exceeded the estimate, and have very markedly increased; at the same time, I am bound to say that I don't think there has been at all a corresponding increase in the Registration Stamps with the Law Stamps, but I think I know the reason, and I have taken measures through our newly-appointed Inspectors to remedy this state of things. I confidently look forward to a considerable increase in the sales of this class of stamps. The next item, Assurance Stamps, realized for the two months during which this tax was in force, during the fiscal year 1875-76, \$12,000. As is known to members of this House, the legality of this impost is before the Courts, and an early judgment is anticipated. It is hoped and expected that the result will be favorable; for this year is, of all years, the most trying one upon the resources of the Province. We are in the very midst of all our great undertakings; we have spent largely of the means we have provided for them; in a short time they will be finished, and affording a revenue, either directly, as in the case of the Government Roads, or indirectly, as in the case of the subsidized ones, by the development of trade, intercourse and industries; and the failure in an important item of revenue would be most undesirable and unfortunate. I can only repeat the hope I have expressed that we will be spared the necessity of replacing this impost by some other, for I cannot hold out the hope that the amount collected by it can be dispensed with. The Law Fee Fund yielded \$5,715, and the Building and Jury Fund \$15,946; but this Building and Jury Fund does not yield anything like the amount it should yield, and really the question of this fund and the cognate question of the cost of administration of justice in this Province is one of growing seriousness and importance. When it is recollected that we are now spending upon the administration of justice, including therein police and reformatories, \$514,834 per annum, and when we reflect that this expenditure has increased since 1868 by \$203,397, and since 1872 by \$156,245, or equal in the last four years to an increase of between 40 and 50 per cent, and when we consider that, in the more favored sister Province of Ontario, fully one-half of the burthen of this service is borne by the county municipalities,

and that whilst we spend \$514,831 they spend only \$233,420 per annum out of their consolidated revenue (I quote from their estimates)—that the amount contributed by us represents very nearly twenty-five per cent. of our gross annual revenue, and, with the interest of our debt, one-half of the whole, or nearly so, we begin to see the necessity of relieving the Government of a portion of this burthen, and of putting a small share, at least, of its augmenting expenses upon the municipalities. What would be thought if England proposed to spend nineteen millions sterling per annum on the administration of justice out of ordinary revenue? I repeat, the question is a serious one, and must soon take a prominent place in the consideration of the ways and means of this Province. Tavern licenses produced \$210,417. As the House has probably heard, I propose to submit a *projet* for the consolidation of the License Law. I hope the effect of this law will be to give increased efficiency to this branch of the public service, make more clear and simple the duties of the administrators of the law, and add somewhat, too, I hope, to the Revenue. Some questions affecting our power in this House to deal with some of the questions incidental to the working out of the law have arisen, but care has been taken in framing the measure, and I trust the objectionable points have been met and provided for—I refer, of course, to the avoidance of trenching upon the attributes of the Federal Parliament in regulating trade and commerce. The fund arising from this class of imposts has very considerably augmented under the legislation of last session, and the estimates for the next fiscal year will shew that I confidently rely upon a still further increase. Marriage licenses gave us \$6,630, a smaller sum than was estimated; educational receipts, \$5,635; Public Works revenue, \$3,240; Montreal Court House, exclusive of stamps, \$3,666; the *Official Gazette*, \$25,255; fees on private bills, \$2,423, and the House of Correction at Montreal, \$14,848. Under the head of Police, we have received from the city of Quebec, \$21,087; from Levis, \$4,946; from Silsby, \$666, or a total of \$26,700. This police service, too, is a growing expenditure, and must be diminished. We have spent upon the Provincial Police, as a branch of the Police service in the last fiscal year, \$69,883. We anticipated the current year, if nothing had been done to curtail it, that it would not be less than \$71,436. We, therefore, decided upon reducing it. Our estimates are for \$51,436, or a reduction of \$20,000. To carry out this reduction one of two things must happen:—Between now and next 1st of July either Quebec must agree to pay more *per capita* for the men, or the city must provide its own police, and we will retain 15 or 20 men for revenue and detective service, and discharge the balance. It is in-

tolerable that the burden can go on increasing as it has done, or even remain at what it is in view of the other calls upon the Provincial service. For instance, we cannot continue to deny an increased grant to common school education in order that we may furnish the citizens of Quebec with a police force at less than cost, nor do I think or wish to insinuate that the citizens of Quebec ask or expect it. But I merely wish to show the importance of some change. Our interest account shows we have received \$124,871 on the proceeds of the bonds, \$58,667 on special deposits, and \$2,831 from the loan to the proprietors of the Beauport Asylum, making a gross total of \$185,770 for the year. Miscellaneous revenue yielded as follows: St. John's Asylum, Municipal Loan Fund, fines, sale of statutes, elections and casual revenue, \$4,561; refunds, \$8,234. Total receipts for the year, \$2,340,151.63. We had in hand, in cash, on 30th June, 1875, \$3,644,382, which two items make a total of \$5,984,533.94.

THE YEAR'S EXPENDITURE.

I come now to the expenditure of the fiscal year, ending 30th June last. We have spent upon the public debt, for interest, charges of management and sinking fund, \$254,461; on legislation, \$200,420; Civil Government, \$153,367; Justice, Police, Reformatories and Prison Inspection, \$514,834. On Public Instruction, Literary and Scientific Institutions, Arts and Manufactures, \$351,180; Agriculture, Immigration, Repatriement and Colonization \$189,900; on Public Works and buildings, including the purchase of the Workman property, St. Gabriel street, Montreal, \$149,387. For charities, including the Lunatic Asylums, Reformatories and Industrial Schools, \$214,464; Crown lands, including registration service, \$148,520; *Official Gazette*, \$15,117; miscellaneous services, \$36,455. Subsidies, such as Tanneries Land Investigation and suit, help to distressed settlers on the Labrador coast, in the Magdalen Islands, and in Cranborne township, Philadelphia Exhibition Municipalities Fund, licenses, stamps, etc., marriage licenses, and payment to Messrs. Robertson and Fleming on trust—total, \$37,394. We have loaned to the Sisters of Providence \$60,000, making a grand total under this heading of expenditure of \$2,325,506, to which must be added the amounts paid by the sheriffs and collectors of revenue: out of their collections, \$29,543—making an aggregate of payments, exclusive of the sums paid to railways, of \$2,355,050. There would appear at first sight a deficit of about \$15,000 on the transactions of the year; but it will be observed that, among the items of expenditure are two which do not properly come under the head of ordinary outlay, inasmuch as one, \$16,000, is disbursed for the purchase of a building in St. Gabriel street, Montreal, and the other, \$60,000, is a loan to the Sisters of

Providence. Both items are of the nature of assets, or are sums clearly chargeable to capital account. But, besides these expenditures, we have made payments to railways to the extent of \$1,517,800, constituting an aggregate of disbursements, as per statement seven of the Public Accounts, of \$3,872,850, to which add the warrants outstanding on 30th June, 1875, \$28,725, and we have a total of \$3,901,575, from which are to be deducted outstanding warrants on 30th June, 1876, reaching \$39,059, which represents a sum included in the previous items of outlay. The total receipts during the year, with the balance in the Treasury on 30th June, 1875, amounted to \$5,984,533.94. The total payments, including the public debt, investments and railways, reached \$3,862,517, which leaves in the Treasury \$2,122,016 on 30th June last. This amount was deposited in the various banks as set forth in detail in Statement No. 2 of the Public Accounts. We had received as Judicial Deposits, altogether, since the Act creating that Fund came into force, March, 1872, including interest up to the 30th June, 1876, \$1,982,887, whilst we had paid out, including charges to same date, \$1,813,554, leaving a balance in our hands of \$169,333, which is deposited in the several banks as before stated—No. 13 of the Public Accounts.

RESULT AND SURPLUS.

To resume the transactions of the year, we have received \$2,310,151, and our expenditure has been \$2,355,050, from which, however is to be deducted \$76,000, expended on capital account, leaving a balance of ordinary expenditure of \$2,279,050, which shows a net gain or surplus on the transactions of the year of \$61,101. It will be observed I do not take into account outstanding warrants, whether paid or lying over, because the one about balances the other, taking one year with another.

ESTIMATED REVENUE AND EXPENDITURE FOR THE FISCAL YEAR, 1877-78.

I come now to the estimated revenue and expenditure for the next fiscal year, beginning 1st July, 1877, and ending 30th June, 1878. I expect to receive, as in the previous year, \$1,014,712 subsidy from the Dominion Government and interest on the trust funds already referred to. From the Crown Lands I have received an estimate of \$577,317 as the probable gross receipts of this branch of the public service. From law and registration stamps I expect to receive \$218,000; from insurance stamps, \$40,000; law fees, exclusive of stamps, \$6,000; building and jury fund, exclusive of stamps, \$10,000; licenses of various kinds, hotel, shop, &c., \$275,000; Montreal Court House, exclusive of stamps, \$3,500; fines, licenses and justice, \$5,300; *Official Gazette*, \$29,750, sale of statutes and fees on private bills, \$2,300; administration of justice, house of correction, Montreal, and tax

under 39 Vict, chap 8, \$21,800. The police force, I estimate, will yield \$35,000, if retained, but, if disbanded, will, of course, produce nothing; casual revenue, \$1,300; jail for females, Montreal, \$32,000. This last is a sum due by Montreal as its contribution towards the erection of this structure. The municipal loan fund is expected to yield \$40,000. I hope we shall collect even more from this source, although I am bound to say that last year the response from the municipalities was almost nil. Interest, \$50,000, making a grand total of \$2,361,779.12. In general terms I may say the estimates of the revenue have been based upon the revenue of the first four months of the present fiscal year and the reports of the officers engaged in its collection.

ESTIMATED EXPENDITURE.

I come now to the estimated current expenditure of the same year. Under the head of Legislation comes the Legislative Council, including indemnity to members, mileage, salaries and contingent expenses, which we set down \$44,000; Legislative Assembly, for similar services, \$106,100; Parliamentary Library, \$3,000; expenses of elections, \$5,000; Clerk of the Crown in Chancery, salary and ordinary contingencies, \$800; printing, binding and distributing the laws, \$3,300; law clerk, salaries of office, \$3,600; contingencies, comprising sessional clerks, \$800; making on the whole, under this head, legislation, a total of \$167,200. Under the head of Civil Government—public departments, salaries and contingencies, \$163,195. The items making up this amount are contained in the printed statement accompanying the estimates. Administration of Justice, proper, \$414,370; police, \$51,436. This is the item as to which I have already given certain explanations. Reformatories, Montreal and Sherbrooke, \$50,000; prison inspection, \$3,700; making an aggregate for Justice, of \$519,506—an increase of between \$4,000 and \$5,000 over the actual expenditure of the previous year, and assuming a reduction in the police expenditure, as already stated, of \$20,000. Next I shall take Public Instruction: Superior education proper, \$71,000; High Schools, Quebec and Montreal, \$2,470; compensation to R. C. institutions for grants to the High Schools, \$1,940; Common Schools, \$155,000; schools in poor municipalities, \$8,000; Normal Schools, \$46,000; salaries of School Inspectors, \$30,000; books for prizes, \$4,000,—an increase of \$500 over last year; *Journal of Education*, \$2,400; Superannuated Teachers' Fund, \$8,000—this is an addition of \$1,400 to the sum voted last year, and is but a very paltry contribution by the state towards the relief of an indigent class of public servants, who, during their years of active life, have been very poorly paid for their services rendered the State (cheers); Schools for the Deaf and Dumb, \$12,000; depot of books, maps, globes, etc., in the Public In-

struction Department, \$15,000. This is a new grant altogether, and is intended to create a store-house, whence schools may be supplied with necessary means and apparatus of a uniform character, and at prices below the present. This is, I believe, a suggestion of the Committees of Public Instruction. These items combined make a total of \$358,810. The Literary and Scientific Institutions would receive the same grants as last year, the only new ones being \$3,500 towards the establishment of an Illustrated Journal of Agriculture, \$1,200 towards the Agricultural School at Richmond, promised last year but accidentally omitted, and \$1,000 for the Veterinary School at Montreal, provided lectures were given in French as well as in English, and that it contribute to the *Journal of Agriculture* articles on veterinary subjects. All these votes made a gross total for those services of \$162,100. Public Works and buildings, rents, insurance, repairs, etc., \$12,761; inspection and surveys, \$4,000. Bridge across the Ottawa at Colinet Island, provided the township in which such bridge is situated furnish a sum sufficient to complete it (a re-vote), \$1,000. Towards the railway bridge over the St. Maurice, suitable for vehicles, or reconstructing that over the same stream at Three Rivers, under certain conditions, \$15,000—(a re-vote). Chargeable to Building and Jury Fund, rents of Court Houses and Jails, \$527. Insurance of Court Houses and Jails, \$3,500; repairs to them, \$19,940; Jail for Females, Montreal, for extras, \$500; on a venture Court House and Jail, to heighten wall, \$1,000, making a total of \$88,228 for public works and buildings, chargeable to ordinary expenditure. Under the head of charities come Beauport, Hochelaga and the other Lunatic Asylum at St. Ferdinand de Halifax, \$180,000; some \$12,506 less than the estimated expenditure of the current year. We propose to look more strictly to the admission of patients, in order that their friends should contribute, when possible, the cost or a portion of the cost of their keep, with a view to reduce present outlay. Belmont Retreat, Inebriate Asylum, receives \$700; Marine and Immigrant Hospital, Quebec, \$2,666; Lying-in-Hospital, in care of the Ladies of the Good Shepherd, Quebec, \$2,013. This is no new grant, but is made up of what was formerly given to the Marine Hospital and *Hospice de la Maternité*, Quebec; Reformatory Schools, \$8,140; Industrial, \$7,000; miscellaneous charities, as per list in estimates, \$40,600—total, \$241,120. Thus it will be seen that while the Province of Quebec, with a more limited income than Ontario, spends \$241,120 on charities, Ontario spends but \$56,696. The question here naturally arises, whether the course of Ontario, in largely making such charities a local burden, or our system of imposing their maintenance upon the public chest, is the wiser. Miscellaneous and unforeseen expenses, \$20,000. Under the head of col-

lection, management and other charges on revenue, we have the following: Municipality—Heslud, C. S. L. C., cap. 110, \$6,000; surveys through Crown lands, \$15,000; general expenditure, Crown Lands Department, \$53,100. It is satisfactory to know that notwithstanding our Crown Land revenue exceeds that of Ontario, the cost of our service is considerably less than theirs. Quebec *Official Gazette* will require \$14,950—stamps, licenses, \$8,000, making the entire charge for the collection and management of the revenue \$96,050; total current expenditure voted and to be voted, exclusive of the interest on the public debt, is \$1,832,459. It is curious and interesting to remark the strange coincidence between the estimated current expenditure of this Province and that of Ontario for 1876; the one is \$1,832,459, and the other \$1,831,824, a difference of some \$630. To this, however, is to be added the interest on the public debt as detailed in the estimates, cost of management and sinking fund, amounting to \$489,567—so that the total current expenditure of Quebec, everything inclusive, amounts to \$2,322,026, leaving an estimated surplus on the transactions of the year of about \$40,000. Should the Provincial police force be disbanded, which may not become necessary, the revenue would lose \$35,000, in which case the surplus would be reduced to \$5,000.

SUPPLEMENTARY ESTIMATES.

Beyond and besides these items, however, there are certain expenditures respecting which I shall have some remarks to make hereafter, which include the following outlays on capital account, namely, Jacques Cartier Normal School, \$80,000; Departmental buildings, \$100,000; to construct fire-proof safes for Court Houses and jails of new districts, \$6,000; Quebec Court House to build, \$75,000; registration services, \$100,000,—making a total estimated expenditure on capital account of \$361,000. Again, it is curious to compare the estimated amount to be expended on capital account with Ontario's estimated expenditure under the same head. In our case it is \$361,000, in Ontario's case \$235,520. Can we be considered as so unprogressive when the amount carried to this account in our Province exceeds by 50 per cent. the corresponding amount in Ontario? (Hear, hear.) In this connection it will be as well for me to make some remarks respecting the supplementary estimate for the fiscal year ending 30th June next, and rendered necessary to complete the unfinished works for which the appropriations have either lapsed or been found inadequate. There are, under the head of Civil Government, public departments, salaries and contingencies, to meet deficiency of appropriations in consequence of the increased salaries and a larger amount required for contingencies of the departments \$9,900; administration of Justice, \$13,000 to meet deficiency

of appropriation; police, \$3,000 to meet deficiency in consequence of increase of the number of men at Sherbrooke and Point Lévesque; 103 of accoutrements, etc., at the Montcalm Ward fire. Under the head of Public Work and buildings, rents, insurances, repairs to public buildings, balance of last year's appropriations unexpended on 30th June last, but required now, \$5,458; increased insurance on Court Houses and Jails rendered necessary, \$250; repairs of court houses and jails, balance of appropriation unexpended on 30th June last, and needed to complete works begun or contracted for, \$7,628; jail for females, Montreal, amount of appropriation left on 30th June last and required to pay the expenditure made - being made under the contract, \$25,115; Bonaventure court house and jail, balance of appropriation on 30th June last wanted to complete the jailor's house, \$936 50; Philadelphia Exhibition, \$1,200, the \$1,000 already voted being insufficient; registration service, to meet deficiency of appropriation and to be charged to capital account, \$50,000. Total supplementary estimates, \$116,489. A vote of \$67,486 will also be required to cover special warrants for expenditures already made belonging to the fiscal year ending 30th June, 1876, as will be seen by reference to the public accounts statement No. 11, page 102.

CAPITAL AND ORDINARY EXPENDITURE.

The hon. member for Sherbrooke as long ago as 1872, in the financial *expose* of that year, drew under the notice of the then members of this House the practice which prevailed of paying for public works of a permanent character, out of annual revenue and he pointed out the distinction which should be drawn between them and these annual items of expenditure which had to be regularly provided for. He said "permanent works when once completed are completed forever and entail no annual expense for the same purpose hereafter," and he instanced the sums theretofore spent upon Court Houses and Gaols and gaol walls, special grants made for special objects, and certain payments to railways by way of capital amounts or capitalized subsidies instead of annual grants, the expenditure on the Reformatory of St. Vincent de Paul and other works of a permanent kind, and he concluded that such expenditure properly belonged to, and ought to be charged to, the Consolidated Revenue Fund, and he further added that that course would be adopted as soon as the Province was in a position to open such an account, and he concluded his remarks on this head by saying that "in estimating and judging of our annual receipts and expenditure it is quite legitimate not to put down as a deficit in our revenue as against our disbursements, charges for works of a permanent character, not entailing annual expenditure." And again last year, on a similar occasion, when referring to two items in the

estimated expenditure of the then current year, viz., \$16,000 for the Workman property in Montreal and \$100,000 for departmental buildings, he said that although he placed these items in the estimates so as to have them voted, yet that they should not be charged against the revenue of the year, but to capital account, and paid for out of the balance in the Treasury and not out of the year's revenue; in fact, his perspicacity and foresight enabled him to predict in 1874 that by our Railway policy the surplus would probably be encroached upon year by year, but he said investing our means in Railways was better for the Province than lending it to the Banks. Now, Mr. Speaker, I entirely coincide in the remarks of that hon. gentleman on those occasions, and I have accordingly placed, as hon. members will see, in the supplementary and in the annual estimates, certain items as chargeable against capital account, in other words, I have distinguished between those items properly chargeable to current expenditure and those chargeable to capital account. These items amount this year to \$361,000, and consist of, 1st, the items in the supplementary estimates of \$50,000 for Registration service and \$100,000 for the same service in the annual estimates, making a total of \$150,000. And in connection with these items I desire to explain that we have decided upon adopting a more speedy and more economical method of completing this service than heretofore existed. It was found by experience that doing this service by cadastral bureaux cost on an average \$2.15 for each description, whereas, by the system adopted elsewhere than in the counties where bureaux have been established, the average cost has been from one dollar to one dollar and twenty-five cents, a saving of nearly fifty per cent. And assuming that in the seigniorial portions of the Province there remain 441 parishes and incorporated villages to be cadastral, and that there are in each 400 parcels or lots, there would remain 176,400 descriptions to make, which, at the cost of \$2.15 each would amount to \$363,384, whereas, under the other system estimating the cost at the higher figure of \$1.25, and not the lower of \$1, would amount to only \$220,500, and thus will be effected a saving of \$142,884. Moreover, whilst since the inauguration of the bureaux in 1836 to 30th June, 1875, only 77,686 lots had been completed; by adopting this new system, we will be able to complete this important provincial work in about two years, whilst under the old system it would take fifteen or twenty years to do this. To effect this great saving requires a large present outlay, but once done it will not require to be done again in this generation, and comes consequently under the class of works, which I am agreed with my hon. friend the member for Sherbrooke, in saying should be charged to capital account. The next item in the same account

is an item of \$30,000, for the construction of the Jacques Cartier Normal School; this sum, by a resolution of the House, if I remember correctly, it was ordered might be paid out of the funds available in the Treasury, but it was arranged should be repaid back out of the proceeds of the present Jacques Cartier Normal School property on Notre Dame street in Montreal when sold. The Legislature has long since authorized this to be done, but it has been delayed for several reasons; first, because the value of real estate in Montreal has not yet completely recovered from the depression of the past two years; secondly, because until very lately, no site had been definitely fixed upon to erect the new buildings; and thirdly, because until the new ones are erected, unless the value of property recovers itself, it is convenient to keep them for the use of the school, instead of selling them and paying rent elsewhere pending the erection of the new ones. I hope the recovery in values and the completion of the new buildings will come about the same time; but of course we will not delay the one for the other, but proceed next spring vigorously with the works. The next item is principally a revote, it amounts to \$100,000, and is for the construction of the Departmental buildings, long since determined upon, and respecting which some progress is being made. There can be no doubt about the propriety of charging this amount to capital account as my predecessor intended doing, and I may add that when these buildings are completed we will save considerably in rents and a great deal more in the item of repairs and insurances, as the new buildings will require none of the former, and be insurable at a much lower rate. And, finally, there is the item of \$75,000 for the Quebec Court House. This item is for the reasons above given charged to capital account, has been determined upon only on the strongest representations of the bar, the press and the public, that the present buildings are quite inadequate, and in fact unhealthy and in every way unfit. The annual loss occasioned by the outlay will be, in part at least, met by a fund which it is proposed to create for that purpose, to be called the Quebec Court House Fund, to be made up by a tax on legal proceedings in this district. Another item in the supplementary estimates is \$1,200 to cover the deficiency in the vote of \$4,000 towards assisting exhibitors at the Philadelphia Exhibition.

THE PHILADELPHIA EXHIBITION.

I had not the pleasure and advantage, Mr. Speaker, of visiting that grand industrial exposition of the productions of the nations of the earth, and hence I cannot speak of the part taken by Quebec; but, from all I can gather, she took a rank, if not worthy of her great natural resources, at least one which indicated that in the not distant

future she would find a place even amongst older nations—one, too, not unworthy of the great peoples from which her children sprung, and that "the few acres of snow" will yet be the heritage of a people destined to mould and control in no mean measure the future of this continent (hear, hear).

Mr. Stevenson says:—In the departments in which the Province of Quebec competed there was a total number of awards given of 482, of which number we have taken 117. The number of medals awarded by the American Commissioner to exhibitors from this Province was 63, and by the British Judges 54, making a total of 117 medals for the Province. The total number of awards received by Canada from the American Commission is 401, this does not include prizes for horses, cattle, sheep and swine, as all the awards on these classes have not yet been made known. The Province of Quebec did not exhibit in the class of cheese and dairy products, and the exhibition of grain instead of being made by individual exhibitors was made in one exhibit by the Council of Agriculture. No dogs were exhibited by our Province, (for which Ontario received four awards) nor did we scarcely go into the live stock Exhibition, as we only entered two horses for competition. Then deducting 56 prizes for horses, &c., and 67 prizes for cheese and grain, the number of prizes awarded to the Dominion for machinery, manufactures and arts is 278. In these latter Quebec did compete, and the number of awards taken by her is 33, about one-quarter of the whole number given. Prizes were also awarded by the Canadian Government, the awards in this case being made by the British Judges. There were 342 prizes in all, 138 of these being for live stock, in which our Province did not compete, thus leaving 204, and of these 204, 54 were taken by Quebec, being more than one-quarter of the whole number. Thus, as I have said, in the departments in which Quebec competed there was a total of 482 awards, of which we have taken 117. The result is in every way creditable to the Province. (Cheers).

THE PROVINCIAL RAILWAY.

Last December, on the eve of that festival which brought tidings of "peace on earth and goodwill amongst men," this Legislature separated, having solemnly resolved upon an undertaking of such magnitude and importance that it was felt by all to be a national one. It confided to the Executive the task of carrying out, as I have said, a bold and comprehensive national policy, the advent, it was hoped, of great future prosperity and development, I refer of course to the Quebec, Montreal, Ottawa and Occidental Railway. You had laid deep and wide the foundation of this work, had defined its character and range, and had prescribed the machinery by which it was to be done. You had provided a portion of the means and you had directed

how the balance which would be wanted before the next meeting of the Legislature was to be raised, and a part of my purpose is incidentally to show you how far and in what manner we have carried out your instructions. It will, perhaps, assist honorable members in the comprehension of what will follow if I recall the situation as it existed at that period: It was winter, the snow covered the earth and hence it was impracticable to measure up the work already done, and settle with the contractors on the basis of the contracts. The most that could be accomplished was to collect information and provide for the opening of the work in the Spring, and accordingly little else was done till spring time approached, when the Commissioners were named and the engineering staffs got ready. As soon as the season would allow, the works and materials from Quebec to Montreal, on the one hand, and from Montreal to Aylmer on the other, were examined and valued, and the relations and obligations of the Companies and the Contractors to the public fully ascertained. Nor was it a light or easy task to master the thousand and one details of these two enterprises; for every structure had to be examined and its fitness judged of, and its value determined; hundreds of persons along the route of these roads submitted claims for adjustment; these had to be considered, and finally, when fully in possession of the archives of the old companies, their relation and obligations towards third parties in the interest of the Province, which had assumed the obligations and responsibilities of the companies, had to be determined, and notably the relation of the Northern Colonization Railway towards the Jacques Cartier Bank. But on this latter point I shall speak in detail in its proper place. I may say if all these obligations have been carefully and efficiently attended to by your Commissioners and the engineering staff under their control in a way to give general satisfaction, I think this Legislature may congratulate itself that one very troublesome and thankless task has been happily disposed of, whilst its accomplishment testifies to the intelligence and energy of the Commissioners. Had this duty been the only one assigned to the Commissioners they would have found ample employment; but beyond and besides was the enterprise itself which had to be prosecuted. It was for them, then and there, to consider "the situation," to take a full, broad grasp of the enterprise, to map out and define what had to be done, but to be wary and discreet as to the manner of doing it. A false or bad start would entail much future embarrassment, delay and expense. Their staff had been hastily thrown together and sent into the field and it could scarcely be expected to at once take hold of a work of the kind and magnitude of this one and carry it on with that uniformity of purpose and intelligent singleness of idea which a staff gradually and carefully

selected, and brought together and trained in concert would effect. But be this as it may, the settlement was made, the work was taken over from the Companies, the enterprises resumed, and now what can we report? We have had for some months, from Quebec to Aylmer, an active, intelligent and united staff, acting and working harmoniously, and from the Engineers and Commissioners I have the following report of progress:—On the eastern section, viz., from Quebec to Montreal, on the principal line 48.19 per cent of the work is done and materials delivered; and on the Piles branch 25.63 per cent of the work is done and materials delivered up to the 1st November 1876; and on the western section, viz.: from Montreal to Aylmer, 55½ per cent of the work was done and materials delivered; and on the whole enterprise, from Quebec to Aylmer, 54.60 per cent of the work was done and materials delivered.

STATEMENT INDICATING THE PROPORTION OF WORKS COMPLETED AND MATERIALS FURNISHED ON THE WEST SECTION TO THE 1ST OF NOVEMBER, 1876.

Works and Materials	Amount to be done or furnished.	Amount done.	Proportion
Earth excavations.....	2,612,510 yds.	1,877,744 yds.	89.97 P. C.
Rock excavations.....	7,289 "	61,438 "	82.30 "
Masonry of the first class.....	30,775 "	21,182 "	68.84 "
Do do second class.....	3,869 "	4,839 "	125.06 "
Dry masonry.....	13,840 "	8,956 "	64.69 "
Steel rails.....	10,912 tons.	7,707.45 tons.	70.63 "
Iron rails.....	2,125 "	2,497 "	117.50 "
Spikes and bolts.....	640 "	6102 "	953.43 "
Track laying.....	14½ miles	501 "	34.47 "
Total cost of contract.	\$1,601,649.95	\$2,552,530.83	65.31 P. C.

Balance to be expended on Western Section..... \$1,219,119.45

QUEBEC, 23rd November, 1876.

STATEMENT INDICATING THE PROPORTION OF
WORK COMPLETED AND MATERIALS DELIVERED ON THE EAST SECTION TO THE
1ST NOVEMBER, 1876.

Works and Materials.	Amount to be done or furnished.	Amount done or furnished.	Proportion.
Earth excavations.....	2,014,200 yds.	1,139,589 yds.	56.43 p.c.
Rock excavations.....	25,075 "	8,302 "	33.12 "
Material of the first class.....	14,000 "	1,912 "	13.67 "
Material of the second class.....	13,022 tons.	12,015 91 lbs.	92.31 "
Spikes and joints.....	1,292 "	842 48 "	65.21 "
Cost of Contract.	Value of Works.	Proportion.	
Main Line.....	\$4,910,030.00	\$2,390,857.52	48.19 p.c.
Piles Branch.....	40,587.55	11,724.26	28.88 "
Main Line & Piles Branch.....	\$4,739,387.55	\$2,198,161.78	46.45 p.c.
East and West from Quebec to Asimier.....	\$8,331,057.60	\$4,550,201.31	54.66 p.c.
Balance to be expended on the Eastern Section.....	\$2,534,225.77		
Balance to be expended on whole enterprise.....	3,783,336.19		
QUEBEC, 23rd November, 1876.			

THE JACQUES CARTIER BANK.

Having got thus far in the events of the past year I naturally come to the transactions between the Jacques Cartier Bank and the Government. Knowing the extensive dealings between our contractor, Mr. Macdonald, and the Bank, and knowing that upon the result of his settlement with us would depend not alone his financial standing, but also determine probably the future career of the Bank, and its capacity to meet its obligations towards the Government, and also towards the general public, I deferred taking any action respecting our deposits till such time as the Commissioners had determined what balance was payable under the new contract with Macdonald to him (Macdonald) for work already done, and until the law officers of the Crown, after they had obtained free access to the archives of the company and full knowledge of all its engagements, would declare and decide what were the legal obligations between the Province and the Bank with regard to the claim put forward by the Bank for some \$800,000 of bonds of the old company as transferee of the claims of Macdonald for such bonds; and connected with the solution of this problem

were several others, which naturally forced themselves upon our attention, and which we sought to accomplish. They were:

1st. To secure an early completion of the enterprise, and this under the contract which we had made with Macdonald and submitted to the House.

2nd. To save, if possible, the Jacques Cartier Bank from suspension and liquidation.

3. To save our deposit in the Bank of \$800,000.

4. To secure the payment of the sums due to the sub-contractors along the line, and the claims of persons holding liens. It is true that the Government might have eliminated some of these considerations, for it might have refused, 1. To recognize any liability or responsibility towards those who urged that it was its duty to save the Bank if possible. 2. It might have assumed the same attitude towards the creditors of Macdonald & Co. 3. It might, so far as its own deposits were concerned, have said: we rely upon the assets of the Bank, the double liability clause of the banking Act against shareholders and the collateral security which had been taken. 4. And so far as the claim of the Jacques Cartier Bank for bonds was concerned, and the claims of the creditors of Macdonald & Co., it might have said to the Bank: Liquidate your claims in a court of law and obtain a judgment of distribution, or in some other way establish your rank and priority, and we will pay conformably to such ranking; and we might even have gone further and said to the contractor, unless you go on and complete the work the Government will avail itself of its power under the contract and take up and complete the work at your cost, risk and peril. But to such suggestions it could properly be objected, 1. That the Government, as the principal creditor of the Bank, was as much as any other creditor interested in preventing it from going into liquidation. 2. That as a guardian and protector of the public interests it was bound, if in its power, to avert a calamity which would bring ruin and desolation to many a hearth and leave hundreds of widows and orphans without sustenance. Nor was our course quite disinterested; for it might even happen that if the bank went into liquidation, the scarcity of money and the depression in values was so great that the assets of the bank would not—or only after the lapse of a considerable time—meet its liabilities, and this the more so as it was only after the discussion of the assets of the bank that the collateral security was available. And even if such an attempt were made as to put the bank into liquidation, an awkward legal question would arise whether the bank as transferee of Macdonald & Co.'s right to a payment in bonds for work done for the old Company (and which by Company's engineer and the Government engineer report amounted to \$1,600,000, on which only some \$800,000 had been paid, might not

set up a claim to compensate, *pro tanto*, the amount of the assignment of bonds viz., \$500,000 against the claim of the Government for the amount of its deposits; and besides, if the Government were to resist or refuse payment till the claims of sub-contractors were liquidated regularly in a court of justice, all the calamities I have referred to would meanwhile inevitably occur, viz: The bank would have to go into liquidation; the contractor could not go on with the work; the sub-contractors along the line and the people to whom they were indebted would suffer very severely. Besides, as a mere question of integrity and common honesty, the Province, as assignee of the Company, had got from the contractor, by the shewing of its own engineer (Mr. Light) a property which had honestly cost \$1,600,000, and under its agreement with McDonald was only paying for this property \$1,300,000, a fact which, while it accounted for McDonald's inability to meet his obligations towards the Bank and the sub-contractors and the holders of liens (workmen), at the same time created at least an equitable and moral obligation to protect those whose labor or substance had created it, whilst taking over the work. In a word, it was unbecoming for the Province to enrich itself at the expense of these people without giving some consideration to their claims.

THE ARRANGEMENT EFFECTED.

Under these circumstances a proposition was made which it was claimed would meet all the circumstances of the case, namely, 1st, to save the bank; 2nd, repay sub-contractors and laborers; 3rd, enable the contractor to go on with his work and complete it. This was to be effected as follows:—The Bank would throw off to McDonald the accumulated arrears of interest and would give him until 1st November, 1877, to pay the balance of their claim not then provided for, and would relieve the Province from any liability under transfer of bonds by McDonald & Co., provided the Government would pay it or give credit to the Bank on account of its indebtedness to the Province for \$200,000, and provided further the Province would undertake that it would pay unto the Bank for McDonald another and further sum of \$200,000 without interest as the work progressed on the road (or, if not completed then, on the first of November, 1877). And, as a part of the scheme, the Commissioners suggested that we should apply \$300,000 of the balance coming to the contractor towards paying off sub-contractors and those holding liens, and which should be enough for the purpose, and as security to the Province for these advances (over what was coming to McDonald under his new contract) and its assumed liability towards the Bank, McDonald would give real estate security to the extent of \$100,000, and personal security by the same persons as those he gave the

Federal Government for his contract on the Intercolonial Railway, and for the reimbursement of the Government for any advances made him under his agreement, and for the final completion of his job. This proposition was accepted and carried into effect. Its result was that the Government paid or became responsible for \$700,000, and had as against this in its hands \$500,000 (I speak in round numbers) of McDonald's money, security on real estate valued at over \$125,000 for \$100,000, and the personal security above alluded to; and, moreover, it was further stipulated that the schedule under which monthly payments were to be made should be amended, and the balance of work to be done, and valued at \$2,307,000 should be bonied out or paid for as if the amount were only \$2,000,000, or in other words, as if a drawback of 16 per cent were stipulated for in the progress estimates. Thus, in a word, the Province risked \$100,000, and has against it the personal security, and the above drawback as fast as it accumulates. I may state further that there is now in the hands of the Government an accumulated drawback from the contractor amounting to \$175,344.15, which almost meets the amount advanced to the bank in the first instance. The question to be determined, if question there be, is whether under all the circumstances of the case this proceeding on the part of the Executive was a judicious one, and I confidently believe that on this point there cannot be two opinions. The failure of the Jacques Cartier Bank—the suspension of the work for at least some months, with its attendant loss of interest on expenditure made, and the corresponding loss of the use of the road when it ought to be completed and realizing a net revenue, the non-payment of the poor sub-contractors and laborers along the line and the general loss of public credit for not going on with the enterprise, so far overbalance, not to say overwhelm, all objections that I do not think any person will seriously make them or support them if made by others. As to the deposits in the Jacques Cartier Bank, and which some enemies of the Province when I was in England represented as being wholly lost, I am happy to tell you that the interest has been regularly paid; and very recently we have received \$25,000 on account of the principal, and I am now considering a proposition made by its energetic President to wipe off the balance by equal instalments every three months. I have no doubt that so soon as the necessities of the Province shall require it, the balance of principal not covered by the arrangement with Macdonald will be promptly paid. Meantime I may say the collateral security remains unchanged and intact.

THE QUEBEC LOAN.

And now a few words as to the loan. It was manifest to us that the contractors

would take advantage of the low prices of iron and other railroad supplies to purchase largely, and also take advantage of the small demand for labor and the low rate of wages to press on the completion of their contract, and therefore it became necessary to negotiate the loan which was authorized last session, and this has been done. The sale was made to one of our own banks here (the Merchants' Bank) at par, without rebate, commission or deduction of any kind or character whatsoever, and a few days afterwards I sold the exchange, deliverable at different dates in June, July, August, September and October, also at the par rate ($9\frac{1}{2}$), and arranged for the deposit of the money and the payment of 5 per cent interest upon it as fast as it became due. And perhaps I should say that the purchasers of the bonds paid for any accrued interest between the 1st of May and the date of delivery. Such is a short history of the loan, and it only remains for me to explain that I went to England at the request of the purchasers, and in conformity with a promise made at the time of the purchase, that I would go if required, to afford information respecting the financial resources of the Province to intending purchasers and to those engaged in launching the loan. The proceeds of the loan have been all promptly paid in conformity with the terms of the contract. (Hear, hear.) You have now all the details of this negotiation which are of any public interest, and I confidently await the judgment of the House and the country on the part I have borne in it. It may be expected by some that I should here pause and say something of the opposition which was made to the launching of the loan in London, and of the people who made it, and the reasons which induced them to do so; but after mature consideration, I have concluded that it would not be becoming to do more than notice some of the facts upon which the opponents of the loan based their opposition. Some persons opposed the loan because it was not in the interest of Canada that the Provinces composing the Dominion should contract loans. Some because it was inexpedient that Canadians should be enabled to borrow money to aid or construct railways till some measures had been devised to make profitable the English investments in the Grand Trunk and Great Western Railways. Some because they pretended that the Province of Quebec was so burthened with debt as to be unable to meet any new obligations. Some for reasons less definable, but in which disappointed self interest or pique played a conspicuous part. As to the first, it is a part of a consistent policy which many people persistently pursue, to minimize as much as possible the attributes and powers confided by the B. N. A. Act of 1867, to the local Legislatures; but surely while such attributes as presiding over the civil law of the Province, the adminis-

tration of justice, the educational advancement and well being of its people are confided to the local Legislatures, not to speak of local and Provincial public works, the importance of that Legislature to the people, and its rights to be considered and dealt with by the British or American public, can scarcely be over-estimated, and ought not to be lightly or slightly spoken of (hear, hear). And however desirable it may be in the interest of those attributes confided by the same act to Canada that it should be left to the free and unopposed power of contracting loans in England in aid or furtherance of the enterprises confided to it, it is not right or just or becoming that its friends should claim for it the exclusive prerogative of borrowing or contracting foreign obligations in furtherance of Canadian enterprises if the Provinces shall at any time think proper to exercise a similar right. I don't wish to be understood as asserting that any Canadian authorities promulgated any such doctrine, but it is notorious that such doctrines were publicly put forth and sustained in England by persons professedly friendly to Canada and her enterprises. As I have said, there was another class of persons in England who held that Canadians should not be furnished with any more English capital to be used in the construction of Canadian railways, till measures had been adopted to recoup those who had invested in other Canadian railway enterprises, and notably in the G. T. R. and G. W. Railways. To such persons the answer is obvious. Canada has already freely and generously contributed to those enterprises which have been essentially treated by the shareholders from the beginning as English, have been constructed by English engineers, agreeably to English notions, and often in violation of Canadian views, have been managed almost exclusively by Englishmen, in the interest not of Canada but of the road, and have had spent and wasted upon them partly through the reckless maladroitness of its managers and directorate, and partly through bad counsel and bad local management, huge sums of money, so that the capital account is now at least treble what it should ever have been, and after years of this mismanagement (in which Canadians had neither hand, act or part) it suits the demagogues in England, who appeal to a constituency of credulous shareholders to cry out that Canadians should make good the losses which the bungling, the mismanagement and the utter want of common thrift and prudence which have distinguished hitherto the conduct of those who have controlled it have brought about. (Cheers.) If I may express an opinion on the present condition of the Grand Trunk it would be to say that with its present capital account and leased lines it is hopeless that, even under the management of its present able local manager, Mr. Hickson, aided as he will be by the experienced counsel of the suc-

cessor of Mr. Potter, it is hopeless for its proprietary to expect anything like a fair return for its capital, till the latter has been reduced; leased lines held at unprofitable rates surrendered, and non-paying branches disposed of or closed up. And not then till the ruinous competition with more favored lines is stopped, and the road run first in the interests of a local trade combined with a through one, so far as this is consistent with the rivalry it has to meet. (Hear, hear.) But the third class I have indicated were those who chose to pretend and assert that the Province was unable to meet the new burdens it was taking upon it, that it was already heavily burdened with debt, and that its natural resources were almost nothing, and that in short it was on the high road to bankruptcy. Now, to those persons, if any there be, who make such assertions in good faith, or who honestly believe them when put forward by others, I would ask them to look at our revenue nine years ago, at the inauguration of Confederation, and the revenue at the present time. Then it was \$1,535,836.66, the last fiscal year was \$2,340,151.63. I would ask them to remark that this revenue, as I have before said, for one-half of its amount is collected without any expense whatever, that it is fixed and certain, that any debt which we have contracted has always been honorably met to the hour, that the money represented by the debt has been, or is being spent in remunerative public works, and in the opening up and development of the Province, that the proportion which it bears to the population and resources of the Province is extremely light as compared with other British Colonies. That the rate of interest payable on the debt is comparatively not high—and that a comparison of the financial position of the Province with that of any other of the Colonies and States which have borrowed money in England is certainly not to our prejudice. I have heard it stated that as an integral part of the Dominion, the Province of Quebec is responsible for its share of the Dominion debt. This is true, but it is equally true that the payment of the interest and principal of that debt is in no sense a charge or burden upon the revenues of the Province. Others have said, but the municipal organizations like the cities of Montreal and Quebec have debts and they form a part of the Province of Quebec. To this I reply true, but these debts have no more to do with our revenues than have the municipal debts of London or Liverpool with the revenues of Great Britain. (Hear, hear.) But to the last class of croakers who speak of the Province as being without resources, I have no patience to reply further than to say, come and see for yourselves the grand valley of the St. Lawrence, the Richelieu, the St. Francis, the St. Maurice, the Ottawa, the Saguenay. Ascend any or all of these, look at the vast domain comprising 130,000,000 of

acres of land which belongs to this Province; look at its soil and its forest wealth; examine beneath the soil of the valley of the Chaudiere for gold, the St. Lawrence for iron, the Ottawa for plumbago, the phosphates and iron. Consider that this Province is the gateway to the Dominion and the illimitable west; look at the progress which has been made since say 1841, see how united, prosperous and contented are her people, look how religion and education go hand in hand, reflect upon the thrift, the integrity and the industry of her people, consider that to Lower Canada and her *voyageur* sons has been given the boast to have given a name and to have explored the country lying between the great West and the Rocky Mountains on the one side and Hudson's Bay on the other, and then say whether a few millions of debt, contracted to give this widely scattered people close and intimate daily connection and communication, can ever embarrass such a people, or that their creditors can have one moment's anxious care for the safety of their investments. (Loud cheers.)

THE PROVINCIAL ASSETS.

It is generally known that an interview took place at Ottawa in October last between the Hon. Mr. Mowat, Premier of Ontario, and the Hon. Mr. Crooks, Treasurer of that Province, on the one part, and the Hon. Mr. DeBoucherville and myself of the other part, respecting the division of the assets. As is known to the House, in 1870 the arbitrator appointed by the Dominion and the arbitrator appointed by the Province of Ontario under the provisions of the B.N.A. Act of 1867, after the arbitrators of Quebec had resigned, and after a *superseedeas* had issued, prepared and pronounced an award purporting to divide the debts and assets referred to in the 113th and 142nd sections of the B. N. A. Act. It is also well known to the House that this Province objected to this award as illegal and grossly unjust, and some preliminary steps appear to have been taken to have this judgment revised, but nothing of a final character was done. The matter remained in that state till the Legislature at Ottawa in 1873 dealt with the joint debts, the joint assets remaining as they were, and it was to accomplish this, as I have stated, that the meeting took place. On the part of Quebec, it was determined that we would not diplomatize, that we would go there as business men, seeking to accomplish the settlement of a too long delayed matter, prepared to submit a proposition, the reasonableness and justice of which should be so manifest and apparent that we and they could afterwards defend it, and that they could not afford to refuse it. We therefore submitted that now as the question of debt was disposed of, we would, on the part of Quebec, consent and agree that the division of the excess, if any, over \$73,006,088 of the debt of

the late Province of Canada and the credits, liabilities, properties and assets mentioned in sections 113 and 142 of the B. N. A. Act, 1867, should be divided between Ontario and Quebec, according to their respective populations, as established by the census of 1861; that so soon as empowered by legislation the two Governments should proceed to the above division and to the adjustment of the said credits, liabilities, properties and assets. And we added if this principle was agreed upon that we were prepared to go further and agree upon the composition of a board of arbitrators, one of whom should be chosen by each Province, and the third to be chosen by mutual consent, and such umpire to be a man of the highest standing and character, either in England or the United States, who would apply the principle agreed upon in all cases in which we could not agree between ourselves. This proposition seemed to impress the representatives of Ontario with the conviction that we at least had not come there to trifle or delay the final accomplishment of the business. They asked time to consider of it, and suggested that we should engage in a friendly discussion of the several pretensions of each Province respecting each asset, to see whether we could not agree. We answered that we had not come there to discuss details; that it was almost idle to hope to agree unless some principle could be fixed upon, to which both parties would consent, and upon which such a discussion could be based; that if engaged in without such preliminary agreement, that it would only end in party advocating his own views, and each that we might be rather drawn apart than together from such discussions; but that if we had a principle and a competent authority to apply it when we could not, that there was a certainty that the object sought to be accomplished would be brought about. After several conferences it was found that in the face of the award (which I may say is manifestly one-sided and unjust) it was difficult to accomplish any settlement, and it was, therefore, determined that energetic measures should be at once taken to have the validity of the award determined. Our friends from Ontario suggested the submission of the matter to the Supreme Court. We declined, but expressed our readiness to lay it before the Privy Council in England, and it was then agreed that this should be done, that the facts or petitions should be made up and the cases submitted as soon as conveniently could be done, it being understood that probably little could be done before the end of the session of this and the Ontario Legislature, but that immediately afterward it should be done and brought to as speedy an end as is consistent with safety. I confidently expect that next year, if I have the honor still to fill this place and to submit another financial statement, I will be able to announce the settlement of this vexed and

too long deferred matter. (Hear, hear.) Mr. Speaker, I shall not indulge in any further comment on this matter, as it is now settled that it shall go before the Courts, but I cannot refrain from expressing the anxiety I feel that this business should be brought to a close, for then alone and not till then can any one say what the real financial position of the Province of Quebec is. We can easily know and tell what we owe and what our obligations and responsibilities are, but we can never know nor say precisely what our means to meet them are till we can fix a value upon these assets and know what proportion of them belongs to us. I cannot close this subject, however, without bearing testimony to the frankness, courtesy, and good feeling which we met not alone from the representatives of Ontario when at Ottawa, but to the general courtesy of the Dominion Ministers, with whom we were brought in contact. (Hear, hear.) I had almost forgotten to explain that we had an interview with the Minister of Finance for the Dominion relative to some undivided funds in the hands of the Dominion and belonging conjointly to us and Ontario, and upon which we thought we were entitled to claim interest. I refer to the price of library and some other funds, and I have the pleasure to state that I gathered from the remarks of the Hon. Finance Minister that he was not opposed to our views, and was inclined to consider our pretensions favorably. (Hear, hear.) And now as to

THE RAILWAY POLICY OF THIS YEAR.

I think to consider this matter intelligently and to arrive at wise conclusions, it would be well to enquire, 1st, what are the obligations of the Government toward railways under the legislation of the past. 2nd. How far these have been discharged or met. 3rd. From what obligations have we been relieved. 4th. What means remain at our disposal. 5th. How we can best use them to attain the common good; and incidentally I shall say a few words about the Commissioners' loan and the Consolidated Railway Act which we propose to introduce, the purpose it is intended to serve, and finally, I shall speak of our railway policy for the year, what railways we propose to aid, in what manner and to what extent this is to be done, and by what means we intend to complete the Q. M. O. & O. Railway. The obligations of the Province towards the different railway enterprises in which I include the Q. M. O. & O. Railway were, as we were told by my predecessor last year, when making his financial expose, \$13,155,558. This included of course the construction of the Q. M. O. & O. railway to Portage du Fort, which, if my memory serves me, amounts to \$8,334,936 as far as Aylmer, and \$1,000,000 to the western extension to Portage du Fort. Since that time the subsidy of \$150,000 to the Missisquoi and Black

River Valley, and the subsidy of \$187,500 to the Quebec Frontier Railway have lapsed, thereby reducing our indebtedness to \$12,718,058.

SUBSIDIES EXPENDED.

Since the inauguration of the system of subsidies, there have been paid on account of subsidies on different roads, up to the 15th November instant, in all the sum of \$4,483,994.04, as will appear more clearly from the following details:—On the Quebec, Montreal, Ottawa and Occidental Railway we have paid up to 15th November, 1876, \$3,777,839, to which add the amounts paid by the cities of Montreal and Quebec to the old Northern Colonization and North Shore roads, which in the case of the former amounted to \$346,644.62, and in the case of the latter to \$143,000, and you have the total amount expended up to the date I have given, viz., 15th November inst. We have also paid on account of subsidies to other railways the following sums:—

To the International.....	\$106,578
Quebec Central.....	163,400
Levis & Kennebec.....	158,175
Original south Eastern.....	40,850
To such portion of South Eastern as formerly constituted Richelieu, Drummond and Arthabasca.....	234,665
Montreal, Boston and Portland.....	13,300
Waterloo and Magog.....	15,812
Lake Champlain and St. Lawrence Junction.....	38,000
Laurentian.....	1,125
Quebec Frontier.....	6,927
Bay de Chaleurs.....	12,840

Making a total of \$781,522.22 being out of proceeds of bonds, to which is to be added five per cent to cover discount at which they were sold, thus giving the true amount paid on account of subsidy. It may be to some a matter of interest to know how much there yet remains to pay to those roads now making active progress on account of their subsidies. I give the sums as follows:—

International.....	\$197,623
Quebec Central.....	246,900
Levis & Kennebec.....	163,825
Richelieu, Drummond and Arthabasca Branch of South Eastern.....	131,534
Montreal, Portland and Boston original grant.....	59,750
Waterloo and Magog.....	79,187
Lake Champlain and St. Lawrence Junction.....	342,000
Laurentian.....	84,500

Making a balance yet payable to these railways as soon as earned of \$1,276,719. Besides these amounts there remain the subsidies accorded to St. Jerome branch, beyond St. Jerome, \$68,400; the extension west of Aylmer of the Quebec, Montreal, Ottawa and Occidental Railway; the Quebec and Lake St. John, \$570,000; the Quebec Frontier (lapsed), \$187,500; the Missisquoi and Black River Valley, \$150,000, also lapsed; and the Bay de Chaleurs, \$243,659. These amounts are given not as showing the full amount of cash subsidy, but the amount of subsidy after deduction of the five per cent. discount on the debentures, except in the case of the Quebec Frontier and Missisquoi and Black

River Railways, when the total amounts are mentioned, and the Quebec, Montreal, Ottawa and Occidental Railway, now a Government work. To meet those amounts, and the balance of the cost of constructing the Q. M. O. and O. Railway, we have the different municipal subsidies towards that portion of the obligations in which is contained the Provincial railway scheme, viz.: the balance of the Quebec and Montreal grants, amounting to \$1,501,355.38, and the amounts due by the municipalities along the line of the road, amounting to \$459,000; the sum of \$3,398,422 in cash in the treasury, being unexpended balance of the two loans, and we have, besides, in the treasury the sum of \$650,000, being the balance of accumulated savings in the treasury on special deposit, and the ordinary cash deposited in banks in open account, of \$40,140, and finally we have the right to issue \$3,000,000 bonds given the commissioners by the Q. M. O. O. Railway Act of last session; and lastly comes the question how we can best use these means to carry out the purposes for which they were given. There are now upon the statute book in full force subsidies to more than a thousand miles of railway. Some of these roads have made more, others less progress; some have not gone beyond the mere organization of the companies under their charters; others have partly or wholly completed their surveys, others have done some of the work of construction, but not enough to comply with the Act granting a subsidy, and are not likely to; but as their charters have not yet expired they have *droits acquis*, which must meantime be respected. Others have complied with the Acts so as to prevent their subsidies from lapsing, and finally others have made very considerable progress toward completing the projected enterprises. Now, to deal with such varied interests and rights is the duty of this House. We have in our hands a sum of money, borrowed with the intention of paying subsidies on roads not yet fairly begun; that sum of money meantime has been loaned to the different banks; is it wise to leave it there whilst we authorize Commissioners to borrow, or borrow ourselves, more to complete Provincial enterprises—in other words, is it wise to be a lender while we are yet a borrower. Why should we send the Commissioners into the market to borrow at, or perhaps below, the par value of their securities, and at six per cent. interest, when we are lending money at five? If we should not, can there be any objection to consolidate all these funds, and authorize the Executive to use such portion of the funds as are now in its hands, and are not wanted or likely to be wanted for some years, toward the completion of the Provincial Railway? I respectfully suggest that there is not, and this consolidation and authority is a prominent feature

of the projected Consolidated Railway Fund which we propose to create, and to pay out of such fund the different subsidies as they are earned, and to use any sums of money not now immediately required for the payment of subsidies in the construction of the Provincial line, always carefully retaining an ample sum for all contingent demands. We consider this a wiser course than to allow the Commissioners, in the present state of the money market, to issue the bonds authorized by the Act of last session, which could probably only be disposed of at a considerable discount and bearing a higher rate of interest than a Province of the limited debt and ample resources like ours should pay for the construction of an enterprise belonging to itself, and which will have to be, or, at least, which it is intended will be, met, if not out of the earnings of the road, then out of the Consolidated Fund. It is expected the line will be running and yielding revenue within twelve months, and it is intended that this revenue, over and above what is wanted for working expenses, and the interest of any bonds guaranteed by the Province shall fall into and form part of the new fund. And it may even happen if the subsidized roads, other than the Levis & Kennebec, the Quebec Central, International, Waterloo & Magog, South Eastern, Montreal, Boston & Portland, St. Lawrence & Lake Champlain, and perhaps some others which I have mentioned do not go on, that we will be able to complete our road without borrowing the whole of this amount or even without issuing any more bonds whatsoever. On the other hand, we may and probably will have to raise money on the bonds, but if we are obliged to do so, they will in our hands, and with a guarantee that the interest and principal will be punctually paid, command a higher price if negotiated by the Province than if negotiated by irresponsible commissioners. In the next place, is it right or wise to retain in our hands the whole of the balances of money granted to such roads as have made great progress and are now arrested by the stagnation of trade, the tightness of the money market and the timidity of capitalists, and leave the partially completed sections of these roads to be worked at great risk to the safety of the general public and great loss to the companies? (if by modifying the manner of paying these subsidies we might aid them). I again suggest that it is not; that it is our duty to modify the terms under which they draw their subsidies and to advance to these companies out of their subsidies a sum of money which will enable them to put in good running and working order the completed portions of their roads (say an advance of \$1,000 per mile over and above the \$4,000 which they have received or may be now entitled to receive), and a further sum of money out of the total balance of subsidy which they have had accorded to them for any further portion of their road, which they may complete here-

after, in such manner and to such extent that no such advance will leave in the hands of the Executive a sum less than \$2,000 per mile hereafter to be paid on the portion of such road as shall remain thereafter to be completed, and that no more than six thousand dollars should have been advanced on any one mile of new road. Thus, take the Levis and Kennebec of 90 miles, with a subsidy of \$360,000. If it has 40 miles completed under the present law, it would be entitled to \$160,000, and would have to receive \$200,000 on the balance when built. Under the present proposal, they would get, so soon as their road had been put in a thoroughly safe state for further service, \$40,000 for the 40 miles done, and if they completed the next section, say of 20 miles, they would be entitled to \$100,000 over such portion or \$5,000 per mile, leaving \$60,000 in the hands of the Government for the balance of their road to the Province line. It is also proposed to amend the first section of the Act of last session, Chapter 3, respecting subsidies in money made to certain railways in such manner as to enable any such guarantee of interest as is therein authorized to be made to be made, at any rate not exceeding six per cent. per annum, in place of limiting it, as it is now limited, to five; but of course, in such case, the guarantee would extend over a shorter period of time. It is further intended to amend the second section in such a manner as to allow any such company at any time before the completion of their enterprise to return to the Treasurer any payment of subsidy received by it, and to receive a like guarantee for any such portion of the subsidy returned. The object of these changes is to give to the companies every possible facility in availing themselves of the legislation of last session, and to make it more elastic, and, we hope, more effectual. This is the policy of relief of the Government for the Levis and Kennebec, Quebec Central and International railway Companies, and will form a feature in the proposed railway subsidies amendment bill or whatever title may be given to such bill. I know this is very much short of the expectations of the promoters of these enterprises, but the words of wisdom of my predecessor yet linger in my ears when he said in his budget speech in 1874 dealing with these very railways:—"I cannot be a party to incurring liabilities to such an extent as to interfere with the efficiency of the public service or requiring additional burthens to be placed upon the people;" this, he added with a plaintiveness that was almost touching, "is my bounden duty, and one which I feel, being intrusted to my hands, must be performed even at the sacrifice, it may be of my personal feelings, or the feelings of some of my friends." I am sure it will afford my honourable friend great satisfaction to know that these sacred sentiments of duty are re-

spected by his successor. So much for the railways which we propose to aid by modifying the terms on which they are entitled to their subsidies. Now as to the railways which we propose to aid by increasing their subsidies. There are three railways with a subsidy of \$2,500 per mile, viz., the Montreal, Boston and Portland for that portion of its line from Montreal *via* Chambly, West Farnham and Frelighsburg to the frontier of this Province; the Waterloo and Magog and the St. Lin Railway. It is proposed to put these roads on substantially the same grounds or basis as the Levis and Kennebec, the Quebec Central and the International; but without the right of doubling up their subsidy. That is to say, we shall submit a project to the Legislature that in order to afford a southern outlet for the traffic of the Q. M. O. & O. Railway, if the Montreal, Boston and Portland Railway will take measures to bring their road down to Longueuil and enter into running arrangements by which passengers and freight can be passed over the two roads respectively at *pro rata* fares and rates, and increase of their subsidy to \$4,000 per mile from Longueuil to the Province line, a distance of 54 miles; and further, we will ask of this Legislature to bring up the subsidies of the Waterloo and Magog and the St. Lin roads to \$4,000 per mile, putting them on a footing of equality with roads of their class. This will increase the debt of the Province by a sum about equal to the amount which falls into the treasury by the lapsing of subsidy of the Quebec frontier road, which as you will recollect is \$187,500. Respecting the Missisquoi and Black River Valley Railroad, it must content itself with an extension of the time for enabling it to comply with the Act granting it a subsidy. It really has made commendable progress, but for the present at least we cannot recommend more. The object which the Government has sought to accomplish in increasing the subsidies to these roads was as I have said, to put them on equal terms with roads of their class; next as they were making very great efforts to carry out their works to assist them in doing so; and thirdly, by way of the Montreal, Boston and Portland to have an exit independent of the Grand Trunk from Montreal, by way of West Farnham, over the Vermont Central and the Waterloo and Magog, to Sherbrooke, thence by the International to the Province line, and thence by the Consolidated European and North American to St. John, thus saving a distance of two hundred miles in the distance between Montreal and Halifax, and three

hundred between Montreal and St. John, as compared with the Intercolonial railway, and 150 miles between Quebec and Halifax, and 230 between Quebec and St. John. Fourthly, by aiding the St. Lin to add a feeder to the North Shore Road. Respecting the Quebec Frontier Railroad we do not feel that it is our duty to extend the delay for its completion, as it has done nothing for itself we don't feel called upon to aid it; we have twice extended the time for it to avail itself of its subsidy without result, and see no reason why that money should not be used to aid the three other roads to take a position equal to other roads of their class, hence the policy we have adopted; I have now done. It will be seen we have not yielded to the clamor which sought to persuade us to increase the subsidies to certain roads by sacrificing the rights of others, nor have we recklessly added to the public burthens by increasing the subsidies to roads which have already \$4,000 per mile, convinced that our present debt is as much as we ought to bear till such time as our revenue is increased either by the returns of our Provincial roads or by some other means, and our credit made firmer abroad by the discovery that it is selfishness, malice or envy, or ignorance, which leads those who detract from and defame the credit of our Province to act as they do and say what they say. With my predecessor, I can truly say I don't expect that this scheme will be satisfactory to all, but it has this merit that it commends itself to the mature judgment of those who are responsible for it; who, moreover, are responsible towards the country for what they may propose to do, and who are responsible to posterity for the lengths to which they may go in seeking to promote a policy which, originating in wisdom and patriotism, has perhaps been pushed further than the resources of the promoters and surplus means at the disposal of the Government would justify. Be that as it may, in all and for all I have said I claim the calm, unselfish judgment of the members of this House, and the constituencies outside of it, and if we have not done all we ought to have done, or if we have done more than we properly could or should have done, we aside the judgment and remain firm in the conviction of the faithfulness and integrity of our purpose and intentions. Mr. Speaker, in your hands I place my motion, and if I may be permitted to say so, in the hands of the House the responsibility of accepting or rejecting the policy of the Government. The hon. gentleman resumed his seat amid loud applause.